

**Second Regular Session  
Seventy-second General Assembly  
STATE OF COLORADO**

**INTRODUCED**

LLS NO. 20-0796.01 Esther van Mourik x4215

**SENATE BILL 20-020**

---

**SENATE SPONSORSHIP**

**Sonnenberg,**

**HOUSE SPONSORSHIP**

**Pelton,**

---

**Senate Committees**

State, Veterans, & Military Affairs

**House Committees**

---

**A BILL FOR AN ACT**

101 **CONCERNING A REDUCTION OF THE STATE INCOME TAX RATE.**

---

**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

For income tax years commencing on and after January 1, 2020, the bill:

- ! Reduces both the individual and the corporate state income tax rate from 4.63% to 4.49%; and
- ! Reduces the state alternative minimum tax by 0.14%.

---

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters or bold & italic numbers indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly  
3 hereby finds and declares that:

4 (a) In fiscal year 2018-19, revenue subject to TABOR is expected  
5 to exceed the Referendum C cap by \$380.4 million, resulting in a  
6 TABOR refund in tax year 2019;

7 (b) In fiscal year 2019-20, revenue subject to TABOR is expected  
8 to exceed the Referendum C cap by \$264.3 million, resulting in a  
9 TABOR refund in tax year 2020; and

10 (c) In fiscal year 2020-21, the general assembly is projected to  
11 have \$833.4 million, or 6.3%, more to spend or save in the general fund  
12 than what is budgeted to be spent and saved in fiscal year 2019-20.

13 (2) The general assembly, therefore, finds that because the  
14 Colorado economy is still strong, it is proper to reduce the state income  
15 tax rate and allow taxpayers to keep more of their own money.

16 **SECTION 2.** In Colorado Revised Statutes, 39-22-104, **amend**  
17 (1.7) as follows:

18 **39-22-104. Income tax imposed on individuals, estates, and**  
19 **trusts - single rate - legislative declaration - definitions - repeal.**

20 (1.7) (a) Except as otherwise provided in section 39-22-627, subject to  
21 subsection (2) of this section, with respect to taxable years commencing  
22 on or after January 1, 2000, BUT BEFORE JANUARY 1, 2020, a tax of four  
23 and sixty-three one-hundredths percent is imposed on the federal taxable  
24 income, as determined pursuant to section 63 of the internal revenue  
25 code, of every individual, estate, and trust.

26 (b) EXCEPT AS OTHERWISE PROVIDED IN SECTION 39-22-627,  
27 SUBJECT TO SUBSECTION (2) OF THIS SECTION, WITH RESPECT TO TAXABLE

1 YEARS COMMENCING ON OR AFTER JANUARY 1, 2020, A TAX OF FOUR AND  
2 FORTY-NINE ONE-HUNDREDTHS PERCENT IS IMPOSED ON THE FEDERAL  
3 TAXABLE INCOME, AS DETERMINED PURSUANT TO SECTION 63 OF THE  
4 INTERNAL REVENUE CODE, OF EVERY INDIVIDUAL, ESTATE, AND TRUST.

5 **SECTION 3.** In Colorado Revised Statutes, 39-22-105, **amend**  
6 (1.5) and (3)(b) as follows:

7 **39-22-105. Alternative minimum tax.** (1.5) (a) With respect to  
8 each taxable year commencing on or after January 1, 2000, BUT BEFORE  
9 JANUARY 1, 2020, for every individual, estate, and trust, in addition to the  
10 tax imposed in section 39-22-104, a tax is imposed in an amount equal to  
11 the excess of:

12 ~~(a)~~ (I) Three and forty-seven one-hundredths percent of the  
13 Colorado alternative minimum taxable income, as determined pursuant  
14 to subsection (2) of this section; over

15 ~~(b)~~ (II) The tax imposed in section 39-22-104.

16 (b) WITH RESPECT TO EACH TAXABLE YEAR COMMENCING ON OR  
17 AFTER JANUARY 1, 2020, FOR EVERY INDIVIDUAL, ESTATE, AND TRUST, IN  
18 ADDITION TO THE TAX IMPOSED IN SECTION 39-22-104, A TAX IS IMPOSED  
19 IN AN AMOUNT EQUAL TO THE EXCESS OF:

20 (I) THREE AND THIRTY-THREE ONE-HUNDREDTHS PERCENT OF THE  
21 COLORADO ALTERNATIVE MINIMUM TAXABLE INCOME, AS DETERMINED  
22 PURSUANT TO SUBSECTION (2) OF THIS SECTION; OVER

23 (II) THE TAX IMPOSED IN SECTION 39-22-104.

24 (3) (b) (I) For taxable years beginning on or after January 1, 2000,  
25 BUT BEFORE JANUARY 1, 2020, each individual, estate, and trust shall be  
26 allowed a credit against the tax imposed by this part 1 in an amount equal  
27 to twelve percent of the credit allowed for the same tax year by section 53

1 of the internal revenue code.

2 (II) FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY 1,  
3 2020, EACH INDIVIDUAL, ESTATE, AND TRUST SHALL BE ALLOWED A  
4 CREDIT AGAINST THE TAX IMPOSED BY THIS PART 1 IN AN AMOUNT EQUAL  
5 TO ELEVEN AND EIGHTY-SIX ONE-HUNDREDTHS PERCENT OF THE CREDIT  
6 ALLOWED FOR THE SAME TAX YEAR BY SECTION 53 OF THE INTERNAL  
7 REVENUE CODE.

8 **SECTION 4.** In Colorado Revised Statutes, 39-22-301, **amend**  
9 (1)(d)(I)(I); and **add** (1)(d)(I)(J) as follows:

10 **39-22-301. Corporate tax imposed.** (1) (d) (I) A tax is imposed  
11 upon each domestic C corporation and foreign C corporation doing  
12 business in Colorado annually in an amount of the net income of such C  
13 corporation during the year derived from sources within Colorado as set  
14 forth in the following schedule of rates:

15 (I) Except as otherwise provided in section 39-22-627, for income  
16 tax years commencing on or after January 1, 2000, BUT BEFORE JANUARY  
17 1, 2020, four and sixty-three one-hundredths percent of the Colorado net  
18 income;

19 (J) EXCEPT AS OTHERWISE PROVIDED IN SECTION 39-22-627, FOR  
20 INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2020, FOUR  
21 AND FORTY-NINE ONE-HUNDREDTHS PERCENT OF THE COLORADO NET  
22 INCOME.

23 **SECTION 5.** In Colorado Revised Statutes, 39-22-604, **amend**  
24 (18)(a) introductory portion and (18)(b) as follows:

25 **39-22-604. Withholding tax - requirement to withhold - tax**  
26 **lien - exemption from lien - definitions.** (18) (a) Any person who  
27 makes a payment for services to any natural person that is not otherwise

1 subject to state income tax withholding but that requires an information  
2 return, including but not limited to any payment for which internal  
3 revenue service form 1099-B, 1099-DIV, 1099-INT, 1099-MISC,  
4 1099-OID, or 1099-PATR, the issuance of any of which allows taxpayer  
5 identification number verification through the taxpayer identification  
6 number matching program administered by the internal revenue service,  
7 or any other version of form 1099 is required, shall deduct and withhold  
8 state income tax at the rate of ~~four and sixty-three one-hundredths percent~~  
9 SET FORTH IN SECTION 39-22-104 OR 39-22-301 if the person who  
10 performed the services:

11 (b) Any person other than a natural person and any natural person  
12 who in the course of conducting a trade or business as a sole proprietor  
13 makes any payment for services to a natural person that is not reported on  
14 any information return shall deduct and withhold state income tax at the  
15 rate of ~~four and sixty-three one-hundredths percent~~ SET FORTH IN SECTION  
16 39-22-104, unless the employer making payment has a validated taxpayer  
17 identification number from the person to whom payment is made.

18 **SECTION 6.** In Colorado Revised Statutes, 39-22-627, **amend**  
19 (1), (2), (3), and (6) as follows:

20 **39-22-627. Temporary adjustment of rate of income tax -**  
21 **refund of excess state revenues - authority of executive director.**

22 (1) (a) Subject to the provisions of this section, if, for any state fiscal  
23 year commencing on or after July 1, 2010, the amount of state revenues  
24 in excess of the limitation on state fiscal year spending imposed by  
25 section 20 (7)(a) of article X of the state constitution that are required to  
26 be refunded for such state fiscal year exceeds the amount specified in  
27 ~~paragraph (b) of this subsection (1)~~ SUBSECTION (1)(b) OF THIS SECTION,

1 the executive director shall temporarily reduce the state income tax rate  
2 for the income tax year commencing during the calendar year in which  
3 the state fiscal year ended ~~from four and sixty-three one-hundredths~~  
4 ~~percent of the federal taxable income of every individual, estate, trust, and~~  
5 ~~corporation, as specified in sections 39-22-104 (1.7) and 39-22-301~~  
6 ~~(1)(d)(I)(I), to four and one-half percent of the federal taxable income of~~  
7 ~~every individual, estate, trust, and corporation~~ BY TWO AND EIGHTY  
8 THOUSAND SEVEN HUNDRED SEVENTY-EIGHT HUNDRED-THOUSANDTHS  
9 PERCENT to refund excess state revenues that are required to be refunded  
10 pursuant to section 20 (7)(d) of article X of the state constitution.

11 (b) In order for the provisions of subsection (1)(a) of this section  
12 to take effect, the amount of state revenues required to be refunded for the  
13 specified state fiscal year must exceed the total of the amount of  
14 reimbursement for property tax revenues lost as a result of the property  
15 tax exemptions allowed by part 2 of article 3 of this title 39 paid by the  
16 state treasurer to each county treasurer as required by section 39-3-207 (4)  
17 for the property tax year that commenced during the specified state fiscal  
18 year plus the estimated amount by which state revenues would be  
19 decreased as the result of a reduction in the state income tax rate ~~from~~  
20 ~~four and sixty-three one-hundredths percent to four and one-half percent~~  
21 ~~of federal taxable income~~ BY TWO AND EIGHTY THOUSAND SEVEN  
22 HUNDRED SEVENTY-EIGHT HUNDRED-THOUSANDTHS PERCENT as  
23 determined pursuant to this section.

24 (2) Except as otherwise provided in subsection (3) of this section,  
25 no later than October 1, 2011, and no later than each October 1 thereafter  
26 of any calendar year, during which it is certified in accordance with ~~the~~  
27 ~~provisions of section 24-77-106.5 C.R.S.~~, that state revenues exceed the

1 limitation on state fiscal year spending imposed by section 20 (7)(a) of  
2 article X of the state constitution for the state fiscal year ending in that  
3 calendar year and exceed any amount that the voters statewide have  
4 authorized the state to retain and spend for the state fiscal year ending in  
5 that calendar year, the executive director shall estimate the amount by  
6 which state revenues would be decreased as the result of a reduction in  
7 the state income tax rate ~~from four and sixty-three one-hundredths percent~~  
8 ~~to four and one-half percent of federal taxable income~~ BY TWO AND  
9 EIGHTY THOUSAND SEVEN HUNDRED SEVENTY-EIGHT  
10 HUNDRED-THOUSANDTHS PERCENT for the income tax year commencing  
11 during the calendar year in which the state fiscal year ended.

12 (3) If one or more ballot questions are submitted to the voters at  
13 a statewide election to be held in November of any given calendar year  
14 that seek authorization for the state to retain and spend all or any portion  
15 of the amount of excess state revenues for the state fiscal year ending  
16 during said calendar year, the executive director shall not reduce the state  
17 income tax rate until the results of said election are known so that the  
18 state income tax rate may be reduced only if, after the results of said  
19 election, the amount of excess state revenues required to be refunded for  
20 the state fiscal year exceeds the total of the amount of reimbursement for  
21 property tax revenues lost as a result of the property tax exemptions  
22 allowed by part 2 of article 3 of this title 39 paid by the state treasurer to  
23 each county treasurer as required by section 39-3-207 (4) for the property  
24 tax year that commenced during the specified state fiscal year plus the  
25 estimated amount by which state revenues would be decreased as a result  
26 of a reduction in the state income tax rate ~~from four and sixty-three~~  
27 ~~one-hundredths percent to four and one-half percent of federal taxable~~

1 ~~income~~ BY TWO AND EIGHTY THOUSAND SEVEN HUNDRED SEVENTY-EIGHT  
2 HUNDRED-THOUSANDTHS PERCENT pursuant to this section.

3 (6) If, based on the financial report prepared by the controller in  
4 accordance with section 24-77-106.5, the controller certifies that the  
5 amount of the state revenues for any state fiscal year commencing on or  
6 after July 1, 2017, exceeds the limitation on state fiscal year spending  
7 imposed by section 20 (7)(a) of article X of the state constitution for that  
8 state fiscal year and exceeds the amount of excess state revenues that the  
9 voters statewide have authorized the state to retain and spend for that  
10 state fiscal year by less than the total of the amount of reimbursement for  
11 property tax revenues lost as a result of the property tax exemptions  
12 allowed by part 2 of article 3 of this title 39 paid by the state treasurer to  
13 each county treasurer as required by section 39-3-207 (4) for the property  
14 tax year that commenced during the specified state fiscal year plus the  
15 estimated amount by which state revenues would be decreased as the  
16 result of a reduction in the state income tax rate ~~from four and sixty-three~~  
17 ~~one-hundredths percent to four and one-half percent of federal taxable~~  
18 ~~income~~ BY TWO AND EIGHTY THOUSAND SEVEN HUNDRED SEVENTY-EIGHT  
19 HUNDRED-THOUSANDTHS PERCENT as calculated by the executive director  
20 pursuant to subsection (2) of this section, then the reduction in the state  
21 income tax rate allowed pursuant to subsection (1) of this section shall not  
22 be allowed for the income tax year commencing during the calendar year  
23 in which the state fiscal year ended.

24 **SECTION 7. Act subject to petition - effective date.** This act  
25 takes effect at 12:01 a.m. on the day following the expiration of the  
26 ninety-day period after final adjournment of the general assembly (August  
27 5, 2020, if adjournment sine die is on May 6, 2020); except that, if a

1 referendum petition is filed pursuant to section 1 (3) of article V of the  
2 state constitution against this act or an item, section, or part of this act  
3 within such period, then the act, item, section, or part will not take effect  
4 unless approved by the people at the general election to be held in  
5 November 2020 and, in such case, will take effect on the date of the  
6 official declaration of the vote thereon by the governor.